

**AR45**

**Reid Lithographing Company Limited**



**Annual Report**  
1965



# Directors and Officers

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## Directors

D. G. WILLMOT, St. Catharines, Ontario

S. A. ALLAN, Hamilton, Ontario

D. RUSSELL, St. Catharines, Ontario (Deceased)

W. N. HOVEY, Toronto, Ontario (Deceased)

E. H. ORSER, St. Catharines, Ontario

W. BEWLEY, Dundas, Ontario

G. H. GREENHOUGH, Burlington, Ontario

## Officers

S. A. ALLAN, M.B.E., *President*

W. BEWLEY, *Vice-President*

G. H. GREENHOUGH, R.I.A., F.C.I.S.,  
*Secretary and Treasurer*

## Head Office

P.O. Box 133, Station "B"  
Cavell Avenue  
Hamilton, Ontario

## Auditors

Clarkson, Gordon & Co., Hamilton, Ontario

## Registrar, Transfer and Dividend Disbursing Agent

Eastern & Chartered Trust Company  
Toronto, Montreal,  
Winnipeg and Vancouver

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## Directors' Report to the Shareholders

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We are pleased to report to our Shareholders that 1965 has been another successful year for the Company.

Despite the extremely competitive situation of the industry, the sales volume of our subsidiary, Reid Press Limited, has increased by  $2\frac{1}{2}\%$  over 1964. The consolidated net profit after taxes amounted to \$202,212; this is an increase of 4.2% over the figure for the previous year, and equal to \$1.13 per Common Share after providing for Preferred Share requirements. The comparable figure for 1964 was \$1.08 per share.

Depreciation provided in the accounts of the Company amounted to \$115,066 computed at the usual and accepted rates of amortization. Depreciation deductible for income tax purposes exceeded this amount however, largely as the result of accelerated capital cost allowance permitted, with \$40,300 being deferred for payment in future years.

Dividends in the amount of \$89,835 were paid during the year, of which \$3.12½ was paid per Preferred Share and 30¢ in two payments of 15¢, on the Common.

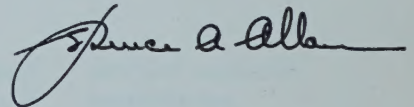
Our Bond indebtedness now stands at \$554,000 having been reduced by the annual payment of \$32,000 on principal. \$24,085 has been added to working capital during the year, giving a total at December 31st of \$1,028,797. The ratio of current assets to current liabilities is 2.6 to 1, down slightly from the previous year, as the result of increased Bank accommodation in financing new construction.

The new warehouse mentioned in our Interim Report of August 13th, is now completed and in use to the great benefit of our operations.

We record with sorrow the sudden death of two of our Directors Mr. W. N. Hovey and Mr. David Russell. Both had served the Company effectively and devotedly and their wise counsel will be missed by the Board of Directors.

1966 is starting with a good level of activity after a somewhat soft period in November and early December and forecasts indicate good prospects for the foreseeable future.

All of the Company's personnel have worked diligently toward the successful operation of the business and can be expected to do so in the future. They are warmly thanked by the Directors and Management.



*President*





*Interior view of new warehouse*



# Reid Lithographing Company Limited

(Incorporated under the laws of Ontario)

and its wholly-owned subsidiary

**Reid Press Limited**

## CONSOLIDATED

DECEMBER 31, 1965

(with comparative figures for 1964)

### ASSETS

|                                                                        | 1965             | 1964             |
|------------------------------------------------------------------------|------------------|------------------|
| <b>CURRENT:</b>                                                        |                  |                  |
| Cash . . . . .                                                         | \$ 9,997         | \$ 2,890         |
| Accounts receivable less allowance for<br>doubtful accounts . . . . .  | 493,226          | 366,319          |
| Inventories at the lower of cost or market<br>(note 1) . . . . .       | 1,120,227        | 1,087,798        |
| Prepaid expenses . . . . .                                             | 15,951           | 15,604           |
| Cash surrender value of life insurance . . .                           | 39,527           | 34,697           |
| <b>Total current assets . . . . .</b>                                  | <b>1,678,928</b> | <b>1,507,308</b> |
| <b>FIXED — at cost:</b>                                                |                  |                  |
| Buildings and equipment . . . . .                                      | 2,532,345        | 2,321,740        |
| Less accumulated depreciation . . . . .                                | 1,285,065        | 1,174,110        |
|                                                                        | 1,247,280        | 1,147,630        |
| Land . . . . .                                                         | 59,805           | 54,000           |
|                                                                        | 1,307,085        | 1,201,630        |
| <b>OTHER:</b>                                                          |                  |                  |
| Bond discount and issue expenses less<br>amounts written off . . . . . | 25,147           | 28,240           |
| Organization and share issue expenses . . .                            | 91,331           | 91,331           |

On behalf of the Board:

S. A. ALLAN, *Director*

G. H. GREENHOUGH, *Director*

\$3,102,491      \$2,828,509

### AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
REID LITHOGRAPHING COMPANY LIMITED:

We have examined the consolidated balance sheet of Reid Lithographing Company Limited and its subsidiary company, Reid Press Limited, as at December 31, 1965 and the consolidated statements of income and earned surplus and changes in cash position for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

# BALANCE SHEET

1, 1965

December 31, 1964)

## LIABILITIES

|                                                                                                      | 1965               | 1964               |
|------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>CURRENT:</b>                                                                                      |                    |                    |
| Bank indebtedness (secured by pledge of accounts receivable) . . . . .                               | \$ 247,031         | \$ 169,226         |
| Accounts payable and accrued charges . .                                                             | 265,678            | 232,271            |
| Income and other taxes payable . . . . .                                                             | 105,422            | 69,099             |
| Sinking fund instalment due within one year                                                          | 32,000             | 32,000             |
| Total current liabilities . . . . .                                                                  | 650,131            | 502,596            |
| <b>FUNDED DEBT (note 2):</b>                                                                         |                    |                    |
| 6¼% first mortgage sinking fund bonds series A of Reid Press Limited due February 15, 1982 . . . . . | 554,000            | 586,000            |
| Less sinking fund instalment due February 15, 1966 . . . . .                                         | 32,000             | 32,000             |
|                                                                                                      | 522,000            | 554,000            |
| <b>ACCUMULATED TAX REDUCTIONS</b> applicable to future years (note 3) . . . . .                      | 307,200            | 266,900            |
| <b>SHAREHOLDERS' EQUITY:</b>                                                                         |                    |                    |
| Capital stock (note 4) —                                                                             |                    |                    |
| Authorized less redeemed:                                                                            |                    |                    |
| 49,865 preference shares with a par value of \$50 each, issuable in series                           |                    |                    |
| 200,000 common shares without par value                                                              |                    |                    |
| Issued:                                                                                              |                    |                    |
| 15,865 6¼% cumulative redeemable preference shares, series A . .                                     | 793,250            | 794,500            |
| 134,576 common shares (1964 — 133,406 shares) . . . . .                                              | 389,426            | 382,406            |
|                                                                                                      | 1,182,676          | 1,176,906          |
| Earned surplus (statement 2) . . . . .                                                               | 440,484            | 328,107            |
|                                                                                                      | 1,623,160          | 1,505,013          |
|                                                                                                      | <u>\$3,102,491</u> | <u>\$2,828,509</u> |

In our opinion the accompanying financial statements present fairly the financial position of the companies as at December 31, 1965 and the results of their operations and the factors giving rise to changes in cash position for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Canada,  
February 3, 1966

CLARKSON, GORDON & CO.  
*Chartered Accountants.*

# Consolidated Statement of Income and Earned Surplus

for year ended December 31, 1965

## Reid Lithographing Company Limited

(with comparative figures for 1964)

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1965               | 1964               |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>INCOME</b>                                     | Income from operations before deducting depreciation, funded debt charges and income taxes . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                        | \$565,246          | \$568,005          |
|                                                   | Depreciation and funded debt charges:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                    |                    |
|                                                   | Depreciation . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 115,066            | 118,004            |
|                                                   | Bond interest . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 34,875             | 36,875             |
|                                                   | Bond discount and issue expenses written off . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,093              | 3,271              |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>153,034</u>     | <u>158,150</u>     |
|                                                   | Income before taxes . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 412,212            | 409,855            |
|                                                   | Income taxes (note 3) . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 210,000            | 197,500            |
|                                                   | Income for year from operations . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>202,212</u>     | <u>212,355</u>     |
|                                                   | Deduct loss on disposal of fixed asset, \$38,175, less accumulated tax reductions applicable thereto, \$19,800 . . . . .                                                                                                                                                                                                                                                                                                                                                                                                    | —                  | 18,375             |
|                                                   | Net income for year . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>202,212</u>     | <u>193,980</u>     |
|                                                   | Dividends paid:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                    |                    |
|                                                   | Preference shares — 6¼% . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 49,638             | 49,675             |
|                                                   | Common shares — 30¢ per share (1964 — 25¢ per share) . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 40,197             | 33,311             |
| <b>EARNED SURPLUS</b>                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>89,835</u>      | <u>82,986</u>      |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>112,377</u>     | <u>110,994</u>     |
|                                                   | Earned surplus at beginning of year . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 328,107            | 217,113            |
| <b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b> | Earned surplus at end of year . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <u>\$440,484</u>   | <u>\$328,107</u>   |
|                                                   | (1) INVENTORIES —<br>The inventories consist of the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                    |                    |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1965               | 1964               |
|                                                   | Raw materials . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$ 164,647         | \$ 136,956         |
|                                                   | Work in process . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 590,463            | 470,471            |
|                                                   | Finished goods . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 333,997            | 459,887            |
|                                                   | Factory supplies . . . . .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 31,120             | 20,484             |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>\$1,120,227</u> | <u>\$1,087,798</u> |
|                                                   | (2) FUNDED DEBT —<br>The 6¼% first mortgage sinking fund bonds series A of Reid Press Limited require annual sinking fund payments of \$32,000 up to 1972, and \$33,000 from 1973 to 1981 inclusive.                                                                                                                                                                                                                                                                                                                        |                    |                    |
|                                                   | (3) INCOME TAXES —<br>As a result of claiming capital cost allowances for tax purposes in excess of depreciation recorded, income taxes payable will be less than the current year's provision by \$40,300 (1964 — \$74,300) and accordingly this amount is included in the balance sheet in the item "Accumulated tax reductions applicable to future years".                                                                                                                                                              |                    |                    |
|                                                   | (4) CAPITAL STOCK —<br>The series A preference shares are redeemable at \$52.50 per share. During 1965, 25 series A preference shares were purchased for cancellation for cash, \$1,244, and 1,170 common shares were issued for cash, \$7,020, pursuant to stock options granted in previous years. At December 31, 1965 there remained outstanding options granted to certain executives of the company to purchase an aggregate of 15,945 common shares at \$6.00 per share expiring at various dates up to May 7, 1968. |                    |                    |



# Consolidated Statement of Changes in Cash Position

for year ended December 31, 1965

Reid Lithographing Company Limited

|                                                 |                                                                   |                |                  |
|-------------------------------------------------|-------------------------------------------------------------------|----------------|------------------|
| <b>SOURCES<br/>OF FUNDS</b>                     | Operations —                                                      |                |                  |
|                                                 | Net profit for year . . . . .                                     | \$202,212      |                  |
|                                                 | Charges not requiring cash outlays:                               |                |                  |
|                                                 | Depreciation . . . . .                                            | 115,066        |                  |
|                                                 | Amortization of bond discount and issue<br>expenses . . . . .     | 3,093          |                  |
|                                                 | Income taxes deferred to future years . . . .                     | 40,300         | \$360,671        |
|                                                 | Proceeds from shares issued . . . . .                             |                | 7,020            |
|                                                 |                                                                   |                | <u>367,691</u>   |
|                                                 |                                                                   |                |                  |
| <b>DISPOSITION<br/>OF FUNDS:</b>                | Acquisition of fixed assets . . . . .                             |                | 220,521          |
|                                                 | Payments on funded debt . . . . .                                 |                | 32,000           |
|                                                 | Dividends to shareholders . . . . .                               |                | 89,835           |
|                                                 | Redemption of series A preference shares<br>(par value) . . . . . |                | 1,250            |
|                                                 |                                                                   |                | <u>343,606</u>   |
| <b>INCREASE IN WORKING CAPITAL . . . . .</b>    |                                                                   |                | 24,085           |
|                                                 |                                                                   |                |                  |
|                                                 | ADDITIONAL CASH required for the financing<br>of increases in:    |                |                  |
|                                                 | Accounts receivable . . . . .                                     | \$126,907      |                  |
|                                                 | Inventories . . . . .                                             | 32,429         |                  |
|                                                 | Prepaid expenses . . . . .                                        | 347            |                  |
|                                                 | Cash surrender value of life insurance . . . .                    | 4,830          |                  |
|                                                 |                                                                   | <u>164,513</u> |                  |
|                                                 | Offset in part by increases in —                                  |                |                  |
|                                                 | Accounts payable and accrued charges . . .                        | 33,407         |                  |
|                                                 | Income and other taxes payable . . . . .                          | 36,323         |                  |
|                                                 |                                                                   | <u>69,730</u>  | 94,783           |
| <b>NET REDUCTION IN CASH POSITION . . . . .</b> |                                                                   |                | <u>\$ 70,698</u> |

# **Products of Reid Press Limited**

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## **FOLDING CARTONS**

to contain nationally advertised brands of such Consumer products as Breakfast Cereals, Cake Mixes, Cookies, Biscuits, Facial Tissues, Sanitary Napkins, Powdered Milk, Soaps and Detergents, Chewing Gum and Candy, Cigarettes and Margarine, etc.

“Marksman” high-speed packaging system for multiple wrapping of bottles or cans for the Beverage and Canned Food Industries.

## **LABELS**

for Canned Fruits, Vegetables, Meat, Milk, Pet Food, Fruit Juices and Beverages. Labels for the Chewing Gum and Confectionery Industry. Labels for the Brewing, Milling, Cosmetics and Tobacco Industries.

## **MISCELLANEOUS**

Paper Coupons, Inserts, Advertising Displays, Catalogues and Cook Books. Wrappers for prepared Meats. Wrappers for Garment Boxes, etc.

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